



# PROVINCIAL TREASURY

Provincial Government of the Western Cape

## LOCAL GOVERNMENT FINANCE

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**REFERENCE:** T12/2/1

**ENQUIRIES:** Mr F Sabbat

### TREASURY CIRCULAR MUN 27 OF 2011

THE MAYOR, CITY OF CAPE TOWN: MS P DE LILLE  
THE MAYOR, WEST COAST DISTRICT MUNICIPALITY: MR JH CLEOPHAS (Acting)  
THE MAYOR, MATZIKAMA MUNICIPALITY: MS D GOEDEMAN  
THE MAYOR, CEDERBERG MUNICIPALITY: MR B ZASS  
THE MAYOR, BERGRIVIER MUNICIPALITY: MR EB MANUEL  
THE MAYOR, SALDANHA BAY MUNICIPALITY: MS R JAGER  
THE MAYOR, SWARTLAND MUNICIPALITY: MR T VAN ESSEN  
THE MAYOR, CAPE WINELANDS DISTRICT MUNICIPALITY: MR N DE BRUYN  
THE MAYOR, WITZENBERG MUNICIPALITY: MR S LOUW  
THE MAYOR, DRAKENSTEIN MUNICIPALITY: MS G VAN DEVENTER  
THE MAYOR, STELLENBOSCH MUNICIPALITY: ALDERMAN CP JOOSTE  
THE MAYOR, BREEDE VALLEY MUNICIPALITY: MR BD KIVEDO  
THE MAYOR, LANGEBOEG MUNICIPALITY: MS D GAGIANO  
THE MAYOR, OVERBERG DISTRICT MUNICIPALITY: MR L DE BRUYN  
THE MAYOR, THEEWATERSKLOOF MUNICIPALITY: MR CB PUNT  
THE MAYOR, OVERSTRAND MUNICIPALITY: MS N BOTHA-GUTHRIE  
THE MAYOR, CAPE AGULHAS MUNICIPALITY: MR R MITCHELL  
THE MAYOR, SWELLENBAM MUNICIPALITY: COUNCILLOR N MYBURGH  
THE MAYOR, EDEN DISTRICT MUNICIPALITY: MR V VAN DER WESTHUIZEN  
THE MAYOR, KANNALAND MUNICIPALITY: MR J DONSON  
THE MAYOR, HESSEQUA MUNICIPALITY: MR CP TAUTE  
THE MAYOR, MOSSEL BAY MUNICIPALITY: MR M FERREIRA  
THE MAYOR, GEORGE MUNICIPALITY: MR C STANDERS  
THE MAYOR, OUDTSHOORN MUNICIPALITY: MR G APRIL  
THE MAYOR, BITOU MUNICIPALITY: MR M BOOYSEN  
THE MAYOR, KNYSNA MUNICIPALITY: MS J WOLMARANS  
THE MAYOR, CENTRAL KAROO DISTRICT MUNICIPALITY: MR E NJADU  
THE MAYOR, LAINGSBURG MUNICIPALITY: MR W THERON  
THE MAYOR, PRINCE ALBERT MUNICIPALITY: MR G LOTTERING  
THE MAYOR, BEAUFORT WEST MUNICIPALITY: MR HD PRINCE  
  
THE MUNICIPAL MANAGER, CITY OF CAPE TOWN: MR A EBRAHIM  
THE MUNICIPAL MANAGER, WEST COAST DISTRICT MUNICIPALITY: MR H PRINS  
THE MUNICIPAL MANAGER, MATZIKAMA MUNICIPALITY: MR DG O'NEILL  
THE MUNICIPAL MANAGER, CEDERBERG MUNICIPALITY: MR G MATTHYSE  
THE MUNICIPAL MANAGER, BERGRIVIER MUNICIPALITY: MS C LIEBENBERG  
THE MUNICIPAL MANAGER, SALDANHA BAY MUNICIPALITY: MR J FORTUIN  
THE MUNICIPAL MANAGER, SWARTLAND MUNICIPALITY: MR J SCHOLTZ  
THE MUNICIPAL MANAGER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR M MGAJO  
THE MUNICIPAL MANAGER, WITZENBERG MUNICIPALITY: MR D NASSON  
THE MUNICIPAL MANAGER, DRAKENSTEIN MUNICIPALITY: DR S KABANYANE  
THE MUNICIPAL MANAGER, STELLENBOSCH MUNICIPALITY: MR D DANIELS  
THE MUNICIPAL MANAGER, BREEDE VALLEY MUNICIPALITY: MR A PAULSE  
THE MUNICIPAL MANAGER, LANGEBOEG MUNICIPALITY: MR SA MOKWENI  
THE MUNICIPAL MANAGER, OVERBERG DISTRICT MUNICIPALITY: MR R BUTLER (Acting)  
THE MUNICIPAL MANAGER, THEEWATERSKLOOF MUNICIPALITY: MR HD WALLACE  
THE MUNICIPAL MANAGER, OVERSTRAND MUNICIPALITY: ADV W ZYBRANDT  
THE MUNICIPAL MANAGER, CAPE AGULHAS MUNICIPALITY: MR R STEVENS  
THE MUNICIPAL MANAGER, SWELLENBAM MUNICIPALITY: MR M STEENKAMP (Acting)  
THE MUNICIPAL MANAGER, EDEN DISTRICT MUNICIPALITY: MR G LOUW  
THE MUNICIPAL MANAGER, KANNALAND MUNICIPALITY: MR M HOOGBAARD (Acting)  
THE MUNICIPAL MANAGER, HESSEQUA MUNICIPALITY: MR J JACOBS  
THE MUNICIPAL MANAGER, MOSSEL BAY MUNICIPALITY: DR M GRATZ  
THE MUNICIPAL MANAGER, GEORGE MUNICIPALITY: MR DG RAS (Acting)  
THE MUNICIPAL MANAGER, OUDTSHOORN MUNICIPALITY: MR T BOTHA (Acting)  
THE MUNICIPAL MANAGER, BITOU MUNICIPALITY: MR D DU PLESSIS  
THE MUNICIPAL MANAGER, KNYSNA MUNICIPALITY: MS L WARING (Acting)  
THE MUNICIPAL MANAGER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR S JOOSTE (Acting)  
THE MUNICIPAL MANAGER, LAINGSBURG MUNICIPALITY: MR P WILLIAMS  
THE MUNICIPAL MANAGER, PRINCE ALBERT MUNICIPALITY: MR H METTLER  
THE MUNICIPAL MANAGER, BEAUFORT WEST MUNICIPALITY: MR J BOOYSEN

THE CHIEF FINANCIAL OFFICER, CITY OF CAPE TOWN: MR M RICHARDSON  
 THE CHIEF FINANCIAL OFFICER, WEST COAST DISTRICT MUNICIPALITY: MR J KOEKEMOER  
 THE CHIEF FINANCIAL OFFICER, MATZIKAMA MUNICIPALITY: MR K BRUWER  
 THE CHIEF FINANCIAL OFFICER, CEDERBERG MUNICIPALITY: MR F LÖTTER  
 THE CHIEF FINANCIAL OFFICER, BERGRIVIER MUNICIPALITY: MR JA VAN NIEKERK  
 THE CHIEF FINANCIAL OFFICER, SALDANHA BAY MUNICIPALITY: MR J VAN COLLER (Acting)  
 THE CHIEF FINANCIAL OFFICER, SWARTLAND MUNICIPALITY: MR K COOPER  
 THE CHIEF FINANCIAL OFFICER, CAPE WINELANDS DISTRICT MUNICIPALITY: MR JG MARAIS  
 THE CHIEF FINANCIAL OFFICER, WITZENBERG MUNICIPALITY: MR R ESAU  
 THE CHIEF FINANCIAL OFFICER, DRAKENSTEIN MUNICIPALITY: MR CM PETERSEN  
 THE CHIEF FINANCIAL OFFICER, STELLENBOSCH MUNICIPALITY: MR M BOLTON  
 THE CHIEF FINANCIAL OFFICER, BREEDE VALLEY MUNICIPALITY: MR D McTHOMAS  
 THE CHIEF FINANCIAL OFFICER, LANGEBERG MUNICIPALITY: MR CF HOFFMANN  
 THE CHIEF FINANCIAL OFFICER, OVERBERG DISTRICT MUNICIPALITY: MR J SNYMAN  
 THE CHIEF FINANCIAL OFFICER, THEEWATERSKLOOF MUNICIPALITY: MR S JACOBS  
 THE CHIEF FINANCIAL OFFICER, OVERSTRAND MUNICIPALITY: MR H KLEINLOOG  
 THE CHIEF FINANCIAL OFFICER, CAPE AGULHAS MUNICIPALITY: MR H SCHLEBUSCH  
 THE CHIEF FINANCIAL OFFICER, SWELLENDAM MUNICIPALITY: MR J KRAPOHL  
 THE CHIEF FINANCIAL OFFICER, EDEN DISTRICT MUNICIPALITY: MR N DELO  
 THE CHIEF FINANCIAL OFFICER, KANNALAND MUNICIPALITY: MR N DELO (Acting)  
 THE CHIEF FINANCIAL OFFICER, HESSEQUA MUNICIPALITY: MS HJ VILJOEN (Acting)  
 THE CHIEF FINANCIAL OFFICER, MOSSEL BAY MUNICIPALITY: MR HF BOTHA  
 THE CHIEF FINANCIAL OFFICER, GEORGE MUNICIPALITY: DR C KAPP (Acting)  
 THE CHIEF FINANCIAL OFFICER, OUDTSHOORN MUNICIPALITY: MR K JORDAAN  
 THE CHIEF FINANCIAL OFFICER, BITOU MUNICIPALITY: MR D LOTT  
 THE CHIEF FINANCIAL OFFICER, KNYSNA MUNICIPALITY: MR G EASTON  
 THE CHIEF FINANCIAL OFFICER, CENTRAL KAROO DISTRICT MUNICIPALITY: MR CJ KYMDELL  
 THE CHIEF FINANCIAL OFFICER, LAINGSBURG MUNICIPALITY: MS A GROENEWALD  
 THE CHIEF FINANCIAL OFFICER, PRINCE ALBERT MUNICIPALITY: MR J NEETHLING (Acting)  
 THE CHIEF FINANCIAL OFFICER, BEAUFORT WEST MUNICIPALITY: MR D LOUW  
  
 THE HEAD OFFICIAL: PROVINCIAL TREASURY (DR JC STEGMANN)  
 THE HEAD: BRANCH FISCAL AND ECONOMIC SERVICES (MR H MALILA)  
 THE HEAD: BRANCH GOVERNANCE AND ASSET MANAGEMENT (MR TC ARENDSE)  
 THE HEAD: PUBLIC POLICY SERVICES (MR A PHILLIPS)  
 THE HEAD: PUBLIC FINANCE (MR H MALILA) (PRO TEM)  
 THE HEAD: FINANCIAL GOVERNANCE (MR A REDDY) (ACTING)  
 THE HEAD: ASSET MANAGEMENT (MS N EBRAHIM) (ACTING)  
 THE CHIEF FINANCIAL OFFICER (MR A GILDENHUY)  
 THE SENIOR MANAGER: ACCOUNTING SERVICES: PROVINCIAL GOVERNMENT (MR A REDDY)  
 THE SENIOR MANAGER: ACCOUNTING SERVICES: LOCAL GOVERNMENT (MS L NGXONONO)  
 THE SENIOR MANAGER: CORPORATE GOVERNANCE (MR B VINK)  
 THE SENIOR MANAGER: BUDGET MANAGEMENT: PROVINCIAL GOVERNMENT (MS M SHERATON)  
 THE SENIOR MANAGER: BUDGET MANAGEMENT: LOCAL GOVERNMENT (MR ML BOOYSEN)  
 THE SENIOR MANAGER: PROVINCIAL GOVERNMENT FINANCE (MS A PICK)  
 THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP ONE) (MR F SABBAT)  
 THE SENIOR MANAGER: LOCAL GOVERNMENT FINANCE (GROUP TWO) (MR M SIGABI)  
 THE SENIOR MANAGER: PUBLIC FINANCE POLICY RESEARCH AND MODELLING (MS C HORTON)  
 THE SENIOR MANAGER: IMMOVEABLE ASSET MANAGEMENT (MR NB LANGENHOVEN)  
 THE SENIOR MANAGER: MOVEABLE ASSET MANAGEMENT (MS N EBRAHIM)  
 THE SENIOR MANAGER: SUPPORTING AND INTERLINKED FINANCIAL SYSTEMS (MR A BASTIAANSE)  
 THE HEAD: OFFICE OF THE FINANCE MINISTRY (MS A SMIT)  
  
 THE PROVINCIAL AUDITOR  
 MASTER RECORDS OFFICIAL: FINANCIAL MANAGEMENT  
 THE HEAD OF DEPARTMENT: LOCAL GOVERNMENT  
 THE CHIEF DIRECTOR: LOCAL GOVERNMENT BUDGET ANALYSIS - NATIONAL TREASURY (MR J HATTINGH)  
 THE CHIEF DIRECTOR: MFMA IMPLEMENTATION - NATIONAL TREASURY (MR TV PILLAY)

# IN-YEAR REPORTING AND COMPLIANCE REQUIREMENTS

## 1. Purpose

The purpose of this circular is to communicate to the municipalities in the Western Cape the importance of full compliance with the reporting requirements as stipulated in the MFMA and also to emphasize and clarify some of the specific requirements by the Provincial Treasury.

## 2. Reporting requirements

### a) Annual Budgets : A Schedules

All municipalities are required to accurately complete the required list of A-Schedules in full and failure to do so will constitute non-compliance with the Municipal Budget Reporting Regulations. The A1-Budget Summary and A10-Basic Service Delivery Measurement Schedules amongst other provide information to enable the Provincial Treasury to analyse the extent to which municipalities utilize the allocated equitable share funding towards the provision of free basic services. Incorrect or unavailable information reported by municipalities in these schedules consequently prohibits the Provincial Treasury from conducting credible and accurate analysis.

### b) In Year Monitoring: C-Schedule reporting

As per Municipal Budget Reporting Regulation 28, all municipalities are required to submit the monthly budget statements in the C-Schedules format and failure by municipalities will result in the issue of a non-compliance letter by the Provincial Treasury. The C-Schedules reporting templates can be accessed and downloaded from the National Treasury's website at [www.treasury.gov.za](http://www.treasury.gov.za).

The monthly budget statement is required to be in a MS Word report format and must include the required MS Excel tables of which the content of such reports must comply with the minimum requirements of the Municipal Budgets Reporting Regulations as outlined under the section 'Schedule C' on page 76 of Government Gazette No. 32141 dated 17 April 2009.

Furthermore municipalities are still required to also complete and submit the annual and monthly Appendix B forms (OSB, CA, CFB, OSA, CAA, CFA, CA, AD, etc.) which serve as the input forms for uploading on the National Treasury Local Government Database.

### c) Monthly Budget Statements Timelines

In terms of section 71 of the MFMA all municipalities are required to submit monthly budget statements by the 10<sup>th</sup> working day of each month where after the Provincial Treasury must prepare a consolidated statement by no later than the 22<sup>nd</sup> working day

of each month. These reporting dates have been captured in the table below for ease of reference:

<b>Sect.71 Reporting due dates for 2011/12</b>		
<b>Month/Period</b>	<b>10<sup>th</sup> w/day</b>	<b>22<sup>nd</sup> w/day</b>
July	15/08/2011	31/08/2011
August	14/09/2011	30/09/2011
September	14/10/2011	31/10/2011
October	14/11/2011	30/11/2011
November	14/12/2011	04/01/2012
December	16/01/2012	01/02/2012
January	14/02/2012	01/03/2012
February	14/03/2012	02/04/2012
March	17/04/2012	04/05/2012
April	15/05/2012	31/05/2012
May	14/06/2012	02/07/2012
June	13/07/2012	31/07/2012

#### **d) Cash Flow Reporting**

The Provincial Treasury requested all municipalities at the CFO Forum in June 2011 to complete and finalise bank reconciliations on a monthly basis to supplement the monthly Cash Flow report 'CFA' that is submitted to the Provincial Treasury.

Municipalities are further requested to submit on a monthly basis a report of all the outstanding commitments against Cash and Cash Equivalents to the Provincial Treasury. These reports must be submitted together with the monthly budget statements by no later than the 10<sup>th</sup> working day of each month. An example of such a report could be as follows;

<b>Item</b>	<b>Previous Month R'000</b>	<b>Current Month R'000</b>
Ceded investment (to DBSA)	20225	20225
Investment in associate	542	542
Unspent loans	17 779	15 494
Unspent grants	26 230	18 869
Capital funding requirement 2010/11 (cash resources)	4234	3406
Capital Replacement Reserve by 30 June	2 320	2 320
Loan repayments due June 2011	15 000	15 000
Year-end creditor payments (partly funded)	20 000	15 000
<b>TOTAL</b>	<b>106 330</b>	<b>90 856</b>
<b>TOTAL Cash resources not committed elsewhere</b>	<b>1 346</b>	<b>(1 529)</b>

#### **e) Sect. 52 (d) Report by the Mayor**

As per section 52(d) of the Municipal Finance Management Act (56 of 2003), Municipal Budget Reporting Regulation 5, all mayors are required to table in council a quarterly

report on the implementation of the annual budget and accordingly all municipalities are requested to ensure that this responsibility is met and adhered to.

**f) Credibility of submitted reports and information**

The Provincial Treasury noted that some of the municipalities make themselves guilty of mischievous compliance. This in effect then result in the submitted reports containing errors and unreliable content which could be a clear indication that the reports were not reviewed before submission to the Provincial Treasury.

Although this could be due to a legitimate oversight or an error by the municipalities, it not only renders the submitted information unreliable but also delays the reporting process as the Provincial Treasury is required to consolidate the reported information for the entire province.

Municipal Budget and Reporting Regulation 5 requires the accounting officer of each municipality to submit a quality certificate with the monthly budget statements to ensure that the Accounting Officer or his or her surrogate reviews the reports before submission to the Provincial Treasury. In this regard the Provincial Treasury request the cooperation of all the municipalities in the Western Cape to ensure that the monthly reports are completed accurately and is reviewed by the relevant senior managers or officials before it is submitted to the Provincial Treasury.

**g) Other In-Year Reports**

All municipalities are also reminded of the other In-Year Reports which are listed below;

- Quarterly MFMA Returns (LTC, BM, MFM1)
- Bi-Annual Minimum Competency Returns
- Annual MFMA Implementation Plans

Municipalities should note that the National Treasury had recently also introduced the BSAC (Balance Sheet Actuals) return and amended version of the quarterly BM return that now also makes provision for the submission of borrowings information in respect of bonds issued by especially the metropolitan municipalities.

**3. Pre-audited IYM Reports**

All municipalities are kindly requested to re-submit the monthly budget statements for the month ending 30 June 2011 based on the pre-audited numbers. The National Treasury has made provision for the re-submission on the LG Database accordingly and municipalities must submit these reports by no later than 14 September 2011.

#### 4. In summary

All municipalities are requested to:

- a) Submit the monthly budget statements in the C-Schedules format on a monthly basis.
- b) Complete and submit the annual and monthly Appendix B forms (OSB, CA, CFB, OSA, CAA, CFA, CA, AD, etc.) by the required due dates.
- c) To ensure that the mayor meet the reporting responsibility i.t.o of section 52 of the Municipal Finance Management Act.
- d) To complete and finalise bank reconciliations on a monthly basis to supplement the monthly Cash flow report 'CFA'.
- e) Submit detailed monthly investment portfolio reports inclusive of all cash and investment balances.
- f) Prepare and submit on a monthly basis a report of all the outstanding commitments against Cash and Cash Equivalents.
- g) To ensure that the monthly reports are completed accurately and is reviewed by the relevant senior managers before it is submitted together with the quality certificate each month.

#### 5. Conclusion

The reporting requirements outlined in this provincial circular is effective immediately and all accounting officers is required to ensure the full implementation of the requirements communicated in this circular.

We thank you in advance for your cooperation.

Yours faithfully



**MR F SABBAT**

**SENIOR MANAGER: LOCAL GOVERNMENT FINANCE**

**DATE:** 30 August 2011